

Dear State CSBG Directors,

When President Obama gives his first State of the Union address on Wednesday, there are likely to be two key themes: fiscal discipline and the creation of jobs.

The President will be trying to regain political momentum after last week's stunning Senate election loss for Democrats in Massachusetts. Democrats and the White House had previously signaled that they wanted to focus this year on job creation and efforts to begin addressing growing debts and deficits, but the election loss — driven largely by independents concerned about jobs, the economy, and federal spending and deficits — have made that a political imperative. Obama will likely reiterate his support for creation of a bipartisan commission to recommend solutions to future fiscal problems (and coming one day after a Senate vote on the Conrad-Gregg plan, he may announce his intent to create a commission by executive order if Conrad-Gregg is defeated), and he will also preview his fiscal 2011 budget and efforts to show that the White House is serious about controlling spending. Some media have reported that the administration may propose a freeze on discretionary spending for the year. (Source: Congressional Quarterly)

We will keep you informed as things progress.